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12 Proposed Counsel for CAPITAL FARMS, INC.
13 Debtor in Possession

14 UNITED STATES BANKRUPTCY COURT

15 EASTERN DISTRICT OF CALIFORNIA - FRESNO DIVISION

16 In re:
17 CAPITAL FARMS, INC.,
18
19 Debtor and Debtor-in-Possession.

20 Case No. 25-10074-A-12
21 Chapter 12
22 D.C. No. FW-2

23 **Cont'd Preliminary Hearing**

24 Date: January 22, 2025
Time: 9:30 a.m.
Place: Dept. A, Courtroom 11, 5th Floor
United States Courthouse
2500 Tulare St., Fresno, California
Judge: Hon. Jennifer E. Niemann

17 **ORDER GRANTING EMERGENCY USE OF CASH COLLATERAL AND
18 CONTINUING HEARING**

19 A preliminary hearing on the Motion (the "Motion") by CAPITAL FARMS, INC.,
20 Debtor and Debtor in Possession herein ("Debtor") was held at the above-captioned dated,
21 time, and place. Peter L. Fear appeared for the Debtor in Possession. Dirk B. Paloutzian
22 appeared for Secured Creditor Rabo Agrifinance LLC ("Rabo"). Michael J. Gomez appeared
23 for Secured Creditor Tech Ag Financial Group, Inc. ("Tech Ag"). Hagop T. Bedoyan appeared
24 for Sutter Land, LLC ("Sutter Land"). Lilian Tsang, Chapter 12 Trustee appeared. Other

1 appearances were as noted on the record. The Court has reviewed the Motion and its supporting
2 documents, the Opposition and evidence in opposition to the Motion, and the Reply to the
3 Opposition. In addition, the Court has been advised by the parties that they are in the process
4 of negotiating a resolution to this Motion and several other issues in this case that might involve
5 the installation of a Bankruptcy Court-supervised and employed third party, but that additional
6 time is needed to finalize these negotiations and present them to the Court for approval. In the
7 meantime, all parties have agreed, without waiving any rights, remedies or arguments
8 regarding the pending cash collateral motion, that it is essential that the Debtor's property be
9 cared for while this resolution is being finalized. In light of the foregoing, the Court finds good
10 cause to authorize preliminary use of cash collateral as detailed below.

11 NOW THEREFORE, it is hereby ORDERED,

12 1. Debtor is authorized to use cash collateral on a preliminary, emergency basis in
13 the amounts shown on Exhibit A (the "Budget") for the time period of January 22, 2025 to
14 February 12, 2025 (the "Interim Period"), subject to a variance of no more than ten percent
15 (10%). The budget shall not include payment of any wages of insiders. For any lease payments
16 owed by Debtor to Sutter Land during the Interim Period, Debtor shall pay the lease payment
17 to Sutter Land's mortgage holder directly.

18 2. All creditors with a security interest in the cash collateral being used are hereby
19 granted automatically-perfected replacement liens on, and security interests in, all of the
20 respective Debtors' tangible and intangible prepetition and postpetition property (retroactive as
21 of the petition date) with the same validity, priority, and extent that such creditors had in such
22 prepetition collateral as of the petition date, without the need to file or record financing
23 statements, notices of lien, or similar instruments or to take any other action in order to validate
24 and perfect these replacement liens and security interests.

3. Debtor shall deposit any cash collateral it receives into its bank account at Citizens Business Bank (ending in 3506) (the "CBB Account").

4. Each Thursday, beginning January 30, 2025, Debtor shall file (1) a weekly budget variance report through the day prior (Wednesday), and (2) a printout from the CBB Account showing all transactions into and out of the account during the preceding week.

5. A further hearing on use of cash collateral will be held on February 12, 2025, at 9:30 a.m. Debtor shall file and serve an updated budget no later than February 5, 2025.

APPROVED AS TO FORM:

Dirtz Pebernitz

Dirk Paloutzian, Attorney for
Rabo Agrifinance LLC

Michael J. Gomez, Attorney for
Tech Ag Financial Group, Inc.

Lilian G. Tsang, Chapter 12 Trustee

Hagop T. Bedoyan, Attorney for
Sutter Land, LLC

Dated:

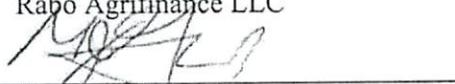
United States Bankruptcy Judge

1 3. Debtor shall deposit any cash collateral it receives into its bank account at
2 Citizens Business Bank (ending in 3506) (the "CBB Account").

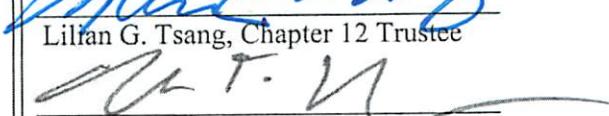
3 4. Each Thursday, beginning January 30, 2025, Debtor shall file (1) a weekly
4 budget variance report through the day prior (Wednesday), and (2) a printout from the CBB
5 Account showing all transactions into and out of the account during the preceding week.

6 5. A further hearing on use of cash collateral will be held on February 12, 2025,
7 at 9:30 a.m. Debtor shall file and serve an updated budget no later than February 5, 2025.

8 APPROVED AS TO FORM:

9
10 Dirk Paloutzian, Attorney for
11 Rabo Agrifinance LLC


12 Michael J. Gomez, Attorney for
13 Tech Ag Financial Group, Inc.


14 Lilian G. Tsang, Chapter 12 Trustee
15 
16 Hagop T. Bedoyan, Attorney for
17 Sutter Land, LLC

18 Dated: January 24 2025

19 
20 Honorable Jennifer E. Niemann
21 United States Bankruptcy Judge

22
23
24

Capital Farms Inc
Cash Collateral Budget
3 Week budget

Jan 23 - Jan 29 Jan 30 - Feb 5 Feb 6 - Feb 12

	Week 1	Week 2	Week 3	Totals
Income				
Crop - Almonds	749,055.09	0.00	0.00	749,055.09
Crop - Almonds				
Harvesting (outside)				0.00
Management Fees	0.00	0.00	0.00	0.00
Total Income	\$ 749,055.09	\$ 0.00	\$ 0.00	\$ 749,055.09
Expenses				
Advertising & Marketing	0.00	0.00	0.00	0.00
Bank Charges & Fees	0.00	0.00	0.00	0.00
Bees - Brewer	46,250.00	0.00	0.00	46,250.00
Bees - Senky	22,200.00	0.00	0.00	22,200.00
Bees - Senky	12,950.00	0.00	0.00	12,950.00
Bees - Brawley	41,625.00	0.00	0.00	41,625.00
Bees - Jamison	37,000.00	0.00	0.00	37,000.00
Bees - Natomas	5,550.00	0.00	0.00	5,550.00
Car & Truck	0.00	0.00	0.00	0.00
Car & Truck - Fuel	500.00	500.00	500.00	1,500.00
Equipment payment	0.00	0.00	0.00	0.00
Chemicals/Fertilizer	0.00	0.00	0.00	0.00
Contractors	0.00	0.00	3,564.00	3,564.00
Crop Insurance	0.00	0.00	0.00	0.00
DMV Fees	0.00	0.00	0.00	0.00
Dues & subscriptions	0.00	0.00	0.00	0.00
Diesel & Fuel	1,000.00	1,000.00	1,000.00	3,000.00
Harvesting	0.00	0.00	0.00	0.00
Insurance	2,500.00	0.00	0.00	2,500.00
Insurance - WC	2,000.00	0.00	0.00	2,000.00
Irrigation Supplies	0.00	0.00	0.00	0.00
Lease Payments - Brewer	131,054.88	0.00	0.00	131,054.88
Lease Payments - Baseline Rd - 157 acres	80,756.08	0.00	0.00	80,756.08
Lease - Sankey	0.00	0.00	0.00	0.00
Lease - Brawley	130,067.15	0.00	0.00	130,067.15
Lease - Brawley (dev voan 2)	7,467.56	7,467.56	0.00	14,935.12
Lease - Brawley (dev loan 1)	11,311.74	0.00	0.00	11,311.74
Lease - Jamison	7,500.00	7,500.00	0.00	15,000.00
Lease - Natomas	19,500.00	19,500.00	0.00	39,000.00
Leasehold Imp- Brewer (Rabo)	0.00	0.00	0.00	0.00
Legal & Professional Services	0.00	0.00	0.00	0.00
Office Supplies & Software	0.00	0.00	0.00	0.00

Capital Farms Inc
Cash Collateral Budget
3 Week budget

	Jan 23 - Jan 29	Jan 30 - Feb 5	Feb 6 - Feb 12	
	Week 1	Week 2	Week 3	Totals
Parts & Supply	375.00	375.00	375.00	1,125.00
Payroll Expenses	0.00	4,356.00	0.00	4,356.00
Payroll - Harvesting	0.00	0.00	0.00	0.00
Payroll Tax Expenses	0.00	435.60	0.00	435.60
PCA Fees	0.00	0.00	0.00	0.00
Property Taxes - Baseline	0.00	0.00	0.00	0.00
Property Taxes - Senky	0.00	0.00	0.00	0.00
Property Taxes - Brewer	11,560.67	0.00	0.00	11,560.67
Property Taxes - Natomas	0.00	0.00	0.00	0.00
Property Taxes - Natomas	0.00	0.00	0.00	0.00
Property taxes - Brawly	0.00	0.00	0.00	0.00
Property taxes - Jamison	0.00	0.00	0.00	0.00
Repairs & Maintenance	0.00	0.00	0.00	0.00
Repairs & Maintenance	0.00	0.00	375.00	375.00
Taxes & Licenses	0.00	0.00	0.00	0.00
Utilities - Baseline	46.00	0.00	46.00	92.00
Utilities - Baseline (Jackson rd)	2,158.00	0.00	0.00	2,158.00
Utilities - Senky	0.00	0.00	0.00	0.00
Utilities - Brewer	6,074.00	0.00	0.00	6,074.00
Utilities - Natomas	2,207.00	0.00	0.00	2,207.00
Utilities - Brawly	8,674.00	0.00	0.00	8,674.00
Utilities - Jamison	8,484.00	0.00	0.00	8,484.00
Water Coalition Permit Fees	387.50	387.50	0.00	775.00
Yard Rental	0.00	0.00	0.00	0.00
Total Expenses	\$ 599,198.58	\$ 41,521.66	\$ 5,860.00	\$ 646,580.24
Accumulated Expenses		\$ 640,720.24	\$ 646,580.24	\$ 646,580.24
Cash Flow Requirements	\$ 149,856.51	-\$ 41,521.66	-\$ 5,860.00	\$ 102,474.85